

ORGANIZATIONS, EXCLUSION, AND WELFARE: ADMINISTRATION AND ACCESS TO BENEFITS

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ABSTRACT

Organizations operate as the gateway to public benefits. They are formally authorized to adjudicate claims, in the process interpreting and applying eligibility rules. Beyond their designated role, they also operate as informal gatekeepers, developing modes of operation that affect the ease or difficulty of the claimsmaking process. Operational practices -- both formal and informal -- can add hidden costs to claimsmaking to the extent that they are complicated, confusing, or cumbersome.

This inquiry examines whether hidden organizational costs have systematic effects, resulting in *administrative exclusion*, that is, nonparticipation attributable to extra-legal organizational factors rather than formal provisions of law or individual preference. It investigates the general problem of administrative exclusion, using data on welfare leavers from the National Survey of America's Families (NSAF) that permit generalization at the national level and allow for comparison among three different time periods, extending from 1995 to 2002. Formal empirical analyses address two key questions: First, did organizational practices (both formal and informal) produce administrative exclusion? Second, was administrative exclusion general in its effects or did it have unequal effects for subgroups of welfare claimants, depending on their socio-economic status, race, or ethnicity? This analysis raises questions about the hidden costs of claiming, considering its implications for welfare policy and management, specifically, and for administrative justice, more broadly.

Organizations, Exclusion, and Welfare: Administration and Access to Benefits

Organizations operate as the gateway to public benefits. They are formally authorized to adjudicate claims, in the process interpreting and applying eligibility rules. Beyond their designated role, they also operate as informal gatekeepers, developing modes of operation that affect the ease or difficulty of claimsmaking. Operational practices -- both formal and informal -- can add hidden costs to claimsmaking to the extent that they are complicated, confusing, or cumbersome. Individuals implicitly recognize these costs when they complain of being "tied up in red tape" or given the "bureaucratic run around." This inquiry examines whether these types of hidden organizational costs can have systematic effects, resulting in *administrative exclusion*, that is, nonparticipation attributable to extra-legal organizational factors rather than formal provisions of law or individual preference.

There are virtually always costs to claimsmaking. They may be relatively visible and explicit, say in requiring completion of a form or an interview. Other costs may be imposed as the hidden by-products of administrative processes and the discretionary behavior of street-level staff. Whether visible or hidden, these costs vary from minimal and relatively innocuous to sufficiently high to deter individuals from successfully pursuing claims. Take the familiar case of individuals who dislike, but grudgingly adapt to the wearisome sequence of telephone voice commands they must navigate before reaching a claims adjuster or caseworker. Such procedures may impose hidden costs of time and even frustration; yet, claimants may reasonably, if not happily, be able to absorb these costs. However, when hidden costs are high, particularly, when they exceed the ability of individuals to "pay" them, they have greater significance. In the case of social programs providing welfare, food stamps, or disability benefits, these hidden costs may undermine policy's effectiveness and, more broadly, raise questions of administrative justice.

The problem of exclusion arises when administrative practices interfere with participation among those who need and might prefer to obtain benefits. Utilization and participation studies show a significant degree of nonparticipation. They indicate that as many as half of those estimated to be eligible for welfare benefits (Zedlewski 2002) and some 35 percent of individuals estimated to be eligible for Food Stamps do not receive them (FNS 2007). These studies are important in assessing utilization rates and subgroup participation. But they are unable to adequately distinguish between nonparticipation as a matter of individual preference and exclusion that occurs for other reasons. Nor do they shed light on the contribution organizational practices make to nonparticipation. As Currie (2004, 27) observed in her review of the utilization literature, "Historically, economists have paid much attention to rules about eligibility and virtually no attention to how these rules are enforced or made known to participants." To a considerable extent, the question of whether administration itself has exclusionary effects has remained buried in the proverbial black box.¹

This inquiry takes a different approach, one that puts organizations first. It investigates the problem of administrative exclusion, that is, exclusion from participation in benefits programs attributable to organizational practices rather than to legal

ineligibility or individual preference. In bringing the organizational side of exclusion to the forefront, it builds on the insights of street-level bureaucracy theory (Lipsky 1980) which recognizes that organizations do more than simply “apply the law.” They also engage in informal and discretionary practices that effectively “make the law,” essentially constituting an extra-legal mode of determining “who gets what and how”² (Brodkin 1986, 1990).

The study of administrative exclusion brings with it analytic challenges. Exclusion that is the product of both formal and informal organizational practices is difficult to discern and assess. Studies of selected procedures and specific state agencies, reviewed in the next section, show that organizational practices play a critical role in determining how accessible benefits will be and to whom. These targeted studies provide important insights into the problem of exclusion; but they are limited in their scope and generalizability.

This inquiry builds on and extends beyond existing research by taking up the general problem of administrative exclusion and examining it in the case of the Temporary Assistance for Needy Families (TANF) program.³ (A companion study of the Food Stamps Program is in progress.) This analysis uses data from the National Survey of America's Families (NSAF) that permit generalization at the national level and allow for comparison over three different time periods, extending from 1995 to 2002. It addresses two key questions:

- Did organizational practices (both formal and informal) produce administrative exclusion?
- Was administrative exclusion general in its effects or did it have unequal effects for subgroups of welfare claimants, depending on their socio-economic status, race, or ethnicity?

This article begins by discussing the problem of administrative exclusion, briefly reviewing evidence from other studies, highlighting central theoretical concerns, and describing key features of the TANF case. It then sets out the approach of this study, its data, and methodology. The following sections present detailed findings from a formal analysis of the key questions, addressing, first, administrative exclusion and, second, administrative inequality. The final section concludes by considering the implications of these findings for welfare policy and management, specifically, and for administrative justice, more broadly.

What is the Problem of Administrative Exclusion?

Administrative exclusion can be said to occur when organizational practices, rather than legal eligibility rules or individual preference, affect participation in benefits programs. An illustration comes from the case records of a Chicago research study:⁴

Ms. Garcia worked part-time, but her low income made her eligible for TANF and Food Stamps. Unexpectedly, she stopped receiving benefits and contacted her caseworker. She was told that documents she had provided verifying her work record and earnings were missing from her case file and presumed lost. She needed to resubmit them in order to reinstate her benefits. Ms. Garcia obtained replacement copies from her employer and submitted them. But her benefits were not restored.

She called the Public Benefits Hotline, which offered free legal advocacy for Chicago-area residents. A legal advocate tried repeatedly to reach Ms. Garcia's caseworker. After eight days and many unsuccessful attempts (unanswered phones, unreturned messages),

the advocate finally reached the caseworker. The caseworker said there was nothing she could do and advised the advocate to contact a supervisor.

After two more days and seven more telephone calls (unanswered phones, unreturned messages), the advocate finally reached a supervisor, who promised to restore benefits. He did not.

After six more days of attempts to reach the supervisor, the advocate found that the supervisor was uncertain what had happened. At that point, she insisted he stay on the phone while she walked him through the process of correcting the computer record. Two days later – and nearly three weeks after Ms. Garcia lost her welfare eligibility because her documents were misplaced – her benefits were restored.

This case example is illustrative, not because it is in any way exceptional or dramatic. Rather, it is an ordinary story of an effort to retain welfare benefits that became tangled up in administrative red tape, confusion and disorganization. A pay stub lost from the case file resulted in suspension of welfare benefits. It took the sustained efforts of a trained advocate more than two weeks to resolve the problem, largely because of the difficulty of tracking down anyone who could address it. If anything is unusual about this case, it is that the claimant was able to secure capable professional help when she could not resolve the problem herself.

These and other types of routine case processing problems documented in the Chicago research project indicated a variety of ways in which organizational practices could impose costs that effectively were beyond the ability of claimants to pay. A review of more than 1,500 case records found that 60 percent of TANF problems involved routine case processing difficulties and 41 percent involved the administration of work requirements (Brodkin, Fuqua and Waxman 2005). (Individuals could report more than one type of problem.) Problems with work requirements identified in this study were administrative and did not involve disputes over willingness to work. Rather they related to the complexity of understanding and administering work rules and documenting work hours and earnings. These kinds of administrative difficulties were especially prevalent among claimants with lower-wage jobs that typically had variable working days and hours and also required flexible arrangements for child care.

More intriguing, it appears that these commonplace administrative difficulties were implicated in declining welfare caseloads. Analysis showed a statistically significant relationship between reported administrative problems and the rate of local welfare office caseload decline (Brodkin, Fuqua and Waxman 2005). These findings, while suggestive, were limited in part because they covered only one region and time period, and in part because the data depended on self-initiated complaints. However, they were consistent with a growing body of research suggesting that there is more to administrative problems than mere inconvenience. The analysis developed here builds on this body of research and examines the role of organizational practices in determining access to benefits.

An Organizational Approach to Exclusion

The organizational approach adopted in this study is grounded in the theoretical literature on organizations and street-level bureaucracies. A central premise is that social policies are not self-executing, but depend on discretionary practices that are inherent in the processes of implementation (Brodkin 1990, 2006; Lipsky 1980). The space for discretion comes, in part, from the nature of formal law and rules. They often require judgment in their execution and, moreover, are too complex to be reduced to a

rote set of practices, despite managerial efforts to do so. Caseworkers are expected to determine what constitutes sufficient proof of eligibility (for example, is a note from a landlord adequate in lieu of a formal rent receipt or cancelled check?), whether individuals have genuinely attempted to comply with processing demands (for example, did they refuse to appear for a scheduled appointment or did the appointment notice fail to arrive in the mail on time?), and even whether claimants have acted in "good faith" in responding to various requirements (for example, did they show up for work only to be told their hours had been cut back, or did they refuse to work?).⁵

Discretion also derives from the structure of street-level work, in which caseworkers develop informal modes of practice that enable them to balance available resources (organizational and individual) and the demands made on them (Lipsky 1980). These informal practices are difficult to directly observe or effectively monitor, yet they can have systematic consequences for claimsmaking. Under these circumstances, welfare agencies have come to be regarded as prototypical "street-level bureaucracies" in which conditions are ripe for discretion to flourish outside of managerial control and visibility (Bennett 1995; Brodtkin 1997, 2006; Handler and Hollingsworth 1971; Lipsky 1980; Lurie 2006; Maynard-Moody and Musheno 2003; Meyers, Glaser, and Mac Donald 1998; Morgen 2001; Riccucci et al. 2004; Sandfort 2000; Soss 2000; Soss, Schram, and Fording 2005) and in which claimants have limited recourse (Brodtkin 1997, Lens and Vorsanger 2005).

As will be discussed, the organizational practices at issue in this analysis develop at the intersection of formal policy, street-level discretion, and modes of governance. To the extent that organizational practices make claimsmaking more costly and exceed the capacity of claimants to pay, they result in administrative exclusion. A brief review of the literature on welfare and administration indicates myriad ways in which organizational practices impose costs on claimsmaking and, equally important, how organizationally-imposed costs interact with claimant capacity (their ability to "pay"), ultimately affecting the probability of inclusion or exclusion.

The cost of claiming. The costs at issue in this analysis derive from a multitude of mundane claimsmaking and processing activities, both formal and informal. Formal procedures include explicit steps required for claiming benefits, for example, providing documentary verification of eligibility status, attending required meetings, and so forth. Rules may be quite extensive, requiring numerous appointments with caseworkers and the verification of items such as income, household composition, employment, and the enrollment of minor children in school (DHHS 2003b). Program forms can also be voluminous and may be designed in ways that are too complicated for individuals with limited education or clerical skills to understand or address (Bennett 1995; Bendick, Lavine and Campbell 1978).

Insights into the relationship between administrative processes and successful claiming can be drawn from studies that have examined the costs of specific procedures and their effects. For example, a study of AFDC monthly income reporting in Colorado indicated that 20 to 50 percent of otherwise eligible claimants lost benefits for "failure to comply" with reporting procedures (Price 1981, cited in Casey and Mannix 1986). Another study of monthly reporting in Michigan and Illinois found that about one-third of those losing benefits were otherwise eligible (Holhouser et al. 1985, cited in Casey and Mannix 1986). Similarly, a review by the Legal Aid Bureau of Chicago of AFDC cases

closed by the Illinois Department of Public Aid similarly found that, of the 108,356 cases closed from June 1988 through May 1989, 29,053 were closed for otherwise eligible families for reasons of “non-cooperation,” such as failure to verify earned income or failure to return forms (Bennett 1995, 2181).⁶

Formal rules, as has been noted, are not self-executing but depend on informal practices that include things such as discretionary caseworker decisions about whether to demand documentation, how much and what kind of evidence to accept, and what kind of help will be given to claimants having difficulty navigating procedural steps. Analyses that look beyond the formal aspects of procedural rules suggest that organizations informally raise the cost of obtaining and retaining benefits when there are frequent requests for face-to-face meetings (with times mandated by caseworkers rather than arranged with claimants, who may be constrained by familial obligations), long waiting times at welfare offices, unpleasant or hostile interactions, and requests for documents or proof of eligibility that claimants find difficult or impossible to obtain – especially when they must depend on individuals or institutions beyond their direct control (Bennett 1995; Blasi 1987-1988; Brodtkin 1986, 1997; Brodtkin, Fuqua, and Waxman 2005; DHHS 1999; Dehavenon 1989-1990; Etheridge and Percy 1993; Meyers, Glaser, and MacDonald 1998; Pawasarat, Quinn, and Stetzer 1992, Sandfort 2000; Soss 2000; Wilson 1989).

The question is not whether there are reasonable grounds to request this information.⁷ It is simply that these types of procedural demands increase the cost of claimsmaking and, for some claimants, these additional costs may be beyond their capacity to pay.

The capacity to absorb claiming costs. The effective cost of claiming must be understood, not only in absolute terms, but also in relationship to claimant capacity. Even were an organization to impose costs on individuals equally, the effects would be unequal if claimants varied in their capacity to pay them (individual preference and substantive eligibility held constant). Evidence on this point is limited. However, this part of the equation is illustrated in a study that developed an “index of procedural accessibility” linking effective costs and capacities. It showed that complex formal procedural requirements had an unequally restrictive effect, varying with claimants' level of educational attainment (Bendick, Lavine, and Campbell 1978).

More generally, Cherlin et al (2002, 402) point out that “Each of the many ways that rules can be violated requires its own verification system and has its own paper trail. For low-income individuals with limited education, daily lives filled with personal turmoil, and employment and family responsibilities to balance, meeting all of these demands may be more than many can handle.”

The interaction between organizationally-imposed costs and individual capacity complicates the problem of administrative exclusion. The cost-capacity equation may vary, not only by personal circumstance and capacity, but also as the difficulty of the procedural tasks increases. Claimants with the most complicated personal situations and, perhaps, the greatest disadvantage, may be subject to a greater procedural burden than others. In his analysis of benefits administration, Super (2004, 842) suggested that “a claimant in more severe need who faces greater obstacles to obtaining that [procedural] verification – a handicap, a work schedule, a child whose chronic health

problems require numerous doctors' visits, or a lack of access to transportation – may drop away."

Reconsidering "noncompliance." The literature reviewed here demonstrates a variety of ways in which cost and capacity interact to affect claimsmaking. It also underscores the importance of unpacking the overly simple administrative construct of "noncompliance." That term is used as an administrative label justifying denial of benefits or imposition of sanctions. It implies that a claimant was unwilling to follow the rules, that is, that noncompliance was a matter of choice or a behavioral failing. Reconsidered from an organizational perspective, this administrative categorization appears more problematic. It lumps together those who might decline to comply and those who are unable to comply, despite their desire and effort to do so. This analysis of administrative exclusion moves beyond individualistic and reflexive assumptions about noncompliance as an administrative construct. By bringing organizational practices to the forefront, it opens to consideration the costs of compliance, how they are distributed, as well as individual capacity to meet them.

The need to reconsider noncompliance as an organizational problem is beginning to receive attention in an emerging group of studies of welfare sanctions. In brief, caseworkers may impose administrative penalties that temporarily reduce or deny benefits when claimants run afoul of procedural requirements, but remain otherwise eligible for benefits. Evidence from sanctions studies suggests that, under certain circumstances, the informal application of sanctions policies can lead to administrative exclusion.

For example, there is evidence that sanctions policies may be administered in ways that make claimant compliance easier or more difficult to achieve (DHHS 2003a; Goldberg and Schott 2000; Lens 2006). Not only is the application of sanctions policy elastic, but its effects can vary across subgroups. An interesting line of inquiry indicates that racial inequality may play a part in both formal sanctions policy and its informal administration, suggesting, for example, that states with larger numbers of African-Americans in their welfare caseloads were more likely to adopt stricter TANF sanction policies (Soss, Schram, Vartanian, and O'Brien 2001). More relevant to this analysis is evidence of racial inequality in the informal application of sanctions. In Missouri, countywide sanction rates increased as the nonwhite population increased until a threshold was reached where nonwhites presumptively gained political power (Keiser, Mueser, and Choi 2004). There is also evidence indicating racial disparity in the application of sanctions in New York and Colorado (Mueller 2007; Desai and Haas 2007); while a Florida study found the distribution of sanctions varied by both disadvantage and race (Soss, Schram, and Fording 2005).

Together these studies suggest complex ways in which administrative processes, their discretionary application, and variation in claimant capacity—as well as race and ethnicity—may interact to affect access to benefits. However, sanctions constitute only a small portion of the organizational practices relevant to the broader problem of administrative exclusion. In fact, one reason that this problem is so difficult to assess is that it occurs in myriad forms and may increase the cost of claiming in ways that are not fully captured by examining selected formal processes or administrative categories.

The role of governance. Although there is ample space for discretion, it is not necessarily random or unbounded. It may be influenced, although not eliminated, by

features of governance and management (Brodkin 1997, 2006). Without reviewing all of the factors that shape discretion, several provisions governing TANF policy and management are particularly relevant to this analysis. The most vigorously-debated provisions of the 1996 TANF statute involved new conditions placed on categorical eligibility, notably, the establishment of time limited benefits and new requirements regarding work.⁸ However, less well-remarked were three changes in governance that had potentially important implications for administrative exclusion.

First, TANF gave states broad discretion in welfare delivery, allowing variation in categorical and procedural requirements that could be more demanding than federal law.⁹ Second, TANF introduced complicated work requirements that, irrespective of their substantive intent, added a new layer of procedural steps and requirements to welfare claiming and, indirectly, broadened the scope of street-level discretion in their implementation (Diller 2000; GAO 2000). Third, TANF altered financial incentives relevant to state welfare administration. It changed the structure for federal financing of state welfare costs, shifting from an open-ended entitlement to a fixed block grant. The statute also put in place performance measures, setting quotas for placing welfare recipients in work activities and rewarding state caseload reduction.¹⁰ The quotas were tied to fiscal incentives and penalties.

Together these provisions created both incentives and opportunities for states to maximize their fiscal returns by limiting access through administrative means, other things being equal. For example, under the devolved block grant structure, states could build up reserves of unspent TANF funds and transfer funds from benefits to other state social service programs (GAO 1998).¹¹ Under these arrangements, states were no worse off, and arguably better off, when their caseloads fell. While this, alone, may not have created a strong incentive toward exclusionary practice, other TANF provisions were more problematic.

TANF legislation required that a certain percentage of recipients engage in statutorily defined “work activities.” States that failed to meet participation quotas were subject to reductions in federal payments. However, states were allowed to reduce their participation quotas by the extent of caseload reduction not attributable to changes in formal eligibility standards. Lowered work participation quotas¹² meant that states had fewer worries about meeting potentially costly statutory requirements for work-related services (GAO 2002a; Mermin and Steuerle 1997). These and other bonuses for caseload reduction effectively rewarded state for driving caseloads down, but did not distinguish between reductions achieved through programmatic efforts that improved the well-being of recipients and reductions that were achieved through extra-legal, administrative means.

Arguably, these provisions were designed to encourage good programmatic practices and administrative prudence. However, when incentives are unbalanced, encouraging caseload reduction without penalizing or otherwise discouraging wrongful exclusion, organizational theory would predict that organizational practices will be skewed toward restrictiveness. The relationship between performance incentives and practices, although indirect, can be quite pervasive and powerful, as a variety of studies have shown (Brodkin 1997, 2006; Hasenfeld and Powell 2004; McDonald and Marston 2002; Meyers and MacDonald 1998). On the whole, TANF's administrative incentive

structure, coupled with increased room for bureaucratic discretion, created an organizational context in which administrative exclusion might be expected to develop.

Research Design

This inquiry investigates the problem of administrative exclusion. It uses formal analysis and nationally-representative data to examine whether organizational practices (both formal and informal) raised the cost of access to the extent that it resulted in exclusion from TANF. It also examines whether administrative exclusion had a distributive bias, increasing the probability of exclusion among subgroups of claimants distinguished by socio-economic status, race, and ethnicity. It should be noted that this analysis does not depend on an assumption that administrative exclusion is necessarily intentional, a product of ill will or ideology. Nor does it exclude that possibility. However, we do argue that when hidden organizational practices produce wrongful exclusion or skew distribution, they may be understood as having administrative, political, and normative implications.

This inquiry proceeds in two stages. First, it analyzes whether organizational practices (referred to here as "proceduralism") contributed to TANF caseload decline. Second, it analyzes whether proceduralism had differential effects on claimants varying with socio-economic status, race, and ethnicity. This study uses data from the National Survey of America's Families (NSAF), which was designed to be representative within thirteen focal states selected for intensive sampling and, upon inclusion of observations from the balance of the nation, representative of the country as a whole.¹³ The survey was administered in three waves. The 1997, 1999, and 2002 survey rounds cover the program exit experiences of respondents from January 1995 through much of 1997, January 1997 through much of 1999, and January 2000 through much of 2002, respectively. These three survey waves provide an opportunity to examine differences across time periods.

The focus is on welfare leavers who, at the time of the survey, indicated that they were not currently receiving benefits.¹⁴ Among the key survey questions of interest were those asking the "most knowledgeable adult" in the family either why the welfare office cut them off, or why they left welfare.¹⁵ The questions themselves were open-ended and the interviewers, who coded the answers according to predetermined categories in the survey instrument, encouraged the respondents to provide multiple explanations.

This analysis classifies responses that explicitly referenced rule compliance and administrative hassles as "procedural" and all other responses as "non-procedural." Non-procedural responses included: "Did not follow program rules," "Administrative problems/mix up," "Didn't want or need/too much hassle/system too frustrating," and "Personality clash" as procedural, while "Earnings had increased," "Assets were too high," "Reached end of time limit," "Not a US citizen," "Receiving money from other source," "Change in family situation," "Moved," "Got a job," "Same job, worked more hours, or got a raise," "Got a better job," "Married/remarried," "Moved in with family," "Moved to another county/state," "Did not want it or need it/uninterested," "Received money from another source," "Earnings too high," and "Income too high."¹⁶ The NSAF did not ask comparable questions that would allow one to distinguish between procedural and non-procedural factors on the entry side, a limitation that this will be addressed later in this paper.

The approach of this study is that, if an NSAF survey respondent had the opportunity to provide a “procedural” reason for leaving welfare or food stamps, but did not, then proceduralism *per se* was not an important factor in determining program exit. This is a conservative approach in that it does not take account of the extent to which procedural rules are a background feature in an individual's “choice” to exit welfare.¹⁷ However, such an approach is consistent with the premise that organization practices are of greatest analytical interest when they affect program participation independent of the substantive status of claimants.

The NSAF also contains information regarding respondent characteristics that are associated with capacity (namely, variables relating to socio-economic status), as well as race and ethnicity. The specific socio-economic variables of interest for this analysis pertain to education, marital status, labor force status, and poverty level. This study created a series of dichotomous variables, assigning recipients a value of 1 for “dropout” if they did not have a high school diploma or GED and a value of 0 otherwise, a value of 1 if they were never-married and a value of 0 otherwise; a value of 1 if they were working and a value of 0 if they were looking for work or not in the labor force, a value of 1 for “deep poverty” if their family¹⁸ income¹⁹ was below 50 percent of the Census Bureau poverty threshold and a value of 0 otherwise, and a value of 1 for “moderate poverty” if their family income was more than 50 percent, but less than 100 percent, of the Census Bureau poverty threshold (and a value of 0 otherwise). Respondents also were assigned a value of 1 for “Black” if they were non-Hispanic Blacks and a value of 0 otherwise, a value of 1 for “Hispanic” if they were non-white Hispanics and a value of 0 otherwise.²⁰

Linear probability modeling (LPM) is used throughout this study. As a cross-check on the validity of this approach, a second analysis was run examining marginal effects from probit estimation. These results, detailed elsewhere, were consistent with the LPM analyses (Majmundar 2007, Appendix C).

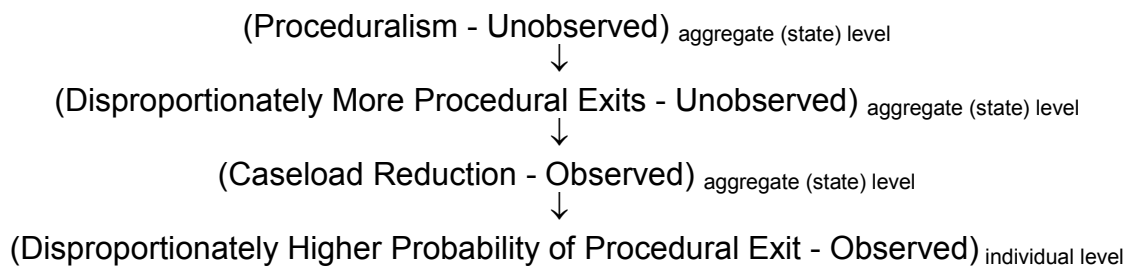
Organizational Practices and Exclusion: Analyzing Caseload Decline

Since TANF's enactment in 1996, caseloads have dropped dramatically across the country. They were cut in half between 1996 and 2000 (UI 2006). By 2006, the number of families receiving welfare was the lowest it had been since 1969 and the percentage of children on welfare was lower than it had been since 1966 (Haskins 2006). Although the specific factors contributing to this decline are difficult to measure precisely, much of the reduction appears to be explained by explicit policy changes that statutorily limited eligibility, coupled with estimated increases in employment among former recipients (Grogger and Karoly 2005; CEA 1999). However, it has been more difficult to account for caseload reduction occurring among poor families who, in earlier periods, would have been expected to receive assistance. Studies show a substantial proportion of welfare leavers with no work and no welfare (Zedlewski et al. 2002). Other analyses show a significant decline in take-up rates with more than half of poor families without welfare benefits (Parrott and Sherman 2006). These and other studies raise questions about “what else” might have driven caseloads down.

From the organizational approach adopted here, the crucial question is whether organizational practices played a role in caseload reduction, effectively raising the cost of claiming beyond the capacity of some claimants to absorb. As theorized here, when

organizational practices (or proceduralism) effectively raise the cost of claiming, they produce administrative exclusion, that is, nonparticipation attributable to organizational practices rather than to legal eligibility or individual preference. This analysis offers a formal, probabilistic test of the hypothesis that caseload decline was associated with the cost of bureaucratic proceduralism. It uses NSAF data on welfare leavers²¹ to determine whether claimants living in states that had higher rates of caseload decline were more likely to exit welfare for “procedural” reasons than for “non-procedural” reasons. The analysis includes dummy variables to control for fixed state characteristics (among them political and economic differences) that may be correlated with caseload change.

The relationship can be summarized as follows:



At the aggregate level, the expectation is that states with higher rates of procedural exit relative to non-procedural exit will have higher rates of caseload decline. At the individual level, the expectation is that claimants in states with higher rates of caseload decline will be relatively more likely to be "procedural leavers" (that is, exiting for procedural reasons) than "non-procedural leavers" (that is, exiting for non-procedural reasons).

By comparing procedural exits (PE) to non-procedural exits (NPE), this analysis automatically accounts for the possibility that the two types of exits could move in tandem. Formal policies affecting categorical eligibility, benefit generosity, as well as claimant need (that is, the factors determining non-procedural exit) also influence claimant tolerance of administrative burdens and the choices made with regard to procedural compliance (that is, some of the factors determining procedural exit). Some of the same factors apply to both types of exit. It is the residual difference in the factors determining PE and NPE that is key to this analysis.²²

The dependent variable is the probability that a TANF exit was procedural rather than non-procedural. The independent variables are: caseload reduction, twelve state dummies, one survey round dummy, state unemployment rate²³, individual characteristics related to socio-economic status (i.e., education, marital status, and poverty level), work status, gender, and race and ethnicity. The individual-level variables will be taken up in the discussion of the distributive effects of organizational practices in the second part of this analysis.

Although the dependent variable in the analysis pertains to program exit, caseload reduction is a function of both program entry and exit. The caseload data used in this analysis do not allow these changes to be decomposed into entry and exit components.²⁴ It is possible that the relative importance of entry and exit could be different across “high” and “low” caseload reduction states, in which case a form of

measurement error would be introduced. Caseload reduction, in other words, may be a systematically inaccurate reflection of the forces driving procedural exit. Caseload reduction estimates (that is, caseload reduction as a predictor of individual-level procedural exit) will be understated if exit is more important in high caseload reduction states relative to low reduction states and will be overstated if exit is more important in low caseload reduction states relative to high reduction states. There will be no bias if the importance of exit relative to entry is approximately the same across high- and low-caseload reduction states. The available empirical literature does not clarify which of these scenarios is most likely. Although one study attributed 39.2 percent of the national caseload decline from 1994 to 1999 to what happened on the entry side, it did not indicate the relative importance of entry versus exit across different stages of caseload change (Grogger, Haider and Klerman 2003).

Caseload reduction is posited as a categorical rather than continuous variable so that it may reflect more plausibly the hypothesized impact of bureaucratic proceduralism. One would not expect a one-to-one mapping from incremental changes in ground-level proceduralism to incremental changes in aggregate caseloads. The fact that caseload change values are imputed to a time period spanning three full years – the approximate period included in each of the NSAF survey rounds – makes monthly or annual caseload change an even less accurate reflection of the proceduralism faced by someone in any given year, let alone month.

This analysis groups states into five nominal categories, each with approximately the same number of individual observations, based on their relative magnitude of caseload decline (that is, changes in benefit receipt by families). Category 1 states experienced the largest rates of caseload decline, Category 5 states the smallest. The rates of caseload change for the Category 1, Category 2, Category 3, Category 4, and Category 5 states were -52.57 percent, -39.6 percent, -22.37 percent, -8.21 percent, and 4.43 percent, respectively (DHHS 2006). Four LPM regressions were run (clustered by state-year) with Categories 2, 3, 4, and 5 each serving as the respective excluded categories. The caseload reduction variable also was structured in several different ways in order to more closely examine categorical differences and test the sensitivity of the estimates. These analyses, which are consistent with the findings of this study, are available elsewhere (Majmundar 2007).

Findings. The empirical analysis examines the relative frequency of procedural exits (PE) and non-procedural exits (NPE) across categories of states, which vary according to the relative magnitude of TANF caseload reduction. There are two steps in this analysis. The first examines this relationship in the aggregate. The second looks comparatively over two time periods characterized by different relative rates of caseload decline. The first period immediately followed TANF implementation (1997-1999) and the second occurred after the biggest round of reductions was achieved (2000-2002). Rates of caseload decline (families on welfare in the United States as a whole, excluding Guam, Puerto Rico and the Virgin Islands) were 32.21 percent in period one and 8.57 percent in period two (DHHS 2006).

The empirical analysis shows that, with the exception of Category 1 states, claimants in states with higher degrees of caseload reduction were more likely to exit welfare for procedural reasons than claimants in states with lower rates of caseload decline. (See Table 1.) This is generally consistent with the hypothesis that

organizational practices played a role in driving welfare exits. However, the finding regarding Category 1 states is both anomalous and puzzling.²⁵ The hypothesized relationship should occur across all categories.

Table 1: Impact of TANF Caseload Reduction on Procedural Exit

Procedural exit (1) vs. Non-procedural exit (0) ($\bar{Y} = 0.1809$; $n = 3447$; $R^2 = 0.0392$)				
	Category 2 states	Category 3 states	Category 4 states	Category 5 states
Procedural Exits: Category 1 states compared to	-0.0759*** (0.0232)	-0.0322* (0.0180)	0.1377*** (0.0275)	0.2013*** (0.0343)
Category 2 states compared to	-	0.0437*** (0.0154)	0.2137*** (0.0324)	0.2772*** (0.0298)
Category 3 states compared to	-	-	0.1699*** (0.0281)	0.2334*** (0.0317)
Category 4 states compared to	-	-	-	0.0635*** (0.0187)

Robust standard errors in parentheses

***significant at the 1% level; **significant at the 5% level; *significant at the 10% level

In order to look more closely at this problem, a second set of analyses compares the relationship of caseload decline and procedural exits over two different time periods, in which there was substantial variation in the degree of caseload decline. This analysis provides an opportunity to reconsider whether differences in the magnitude of caseload decline relate to procedural exits.

As discussed, caseload reduction was greatest in the first years of TANF implementation. Some studies have shown that individuals leaving welfare relatively soon after TANF's implementation were less disadvantaged than later leavers (Cancian et al 2000; Institute for Public Affairs et al. 2000; Loprest and Zedlewski 2006). This is consistent with the notion that the most "work ready" claimants left welfare earlier than others.

It has been theorized that administrative mechanisms of restrictiveness may be relatively more important when other approaches are less viable (Brodkin 1986). That is, as formal welfare-to-work efforts become less effective in reaching a caseload increasingly comprised of more deeply disadvantaged claimants, administrative means of caseload reduction should become increasingly important. If this were the case, one would expect organizational practices to play a more important role in the second time period and, arguably, thereafter. A comparison of the two periods sheds light on the question of whether proceduralism increased in salience after the steepest caseload decline occurred. Indeed, the fixed effect for the 2002 survey period was positive across all of the caseload reduction specifications. This indicates that, all else being equal,

individuals in the 2002 survey round were more likely to be procedural leavers than individuals in the 1999 round (Majmundar 2007).

This raises the question of whether caseload decline was more strongly associated with organizational practices in the 2002 survey period than in the 1999 survey period. Limited inter-period variation - with observations in the “low caseload reduction” category coming entirely from the 2002 round - suggests that insight into this issue could most plausibly be gained by running separate regressions for the 1999 and 2002 survey rounds (despite smaller sample sizes and an absence of state dummies²⁶).

The comparative analysis (see Table 2) shows that there is a difference in the salience of organizational practices, or proceduralism, in the two time periods. Proceduralism is more strongly associated with caseload decline *after* the initial period of sharp reductions. The two-category caseload reduction specification is strongly significant for the second (2002) period, but not at all so for the first (1999) survey round. The results of the three-category specification also appear to be stronger for the 2002 round than the 1999 one. The relationship is significant when comparing the highest and lowest categories of caseload reduction, but does not achieve significance when comparing intermediate categories. These results are not strong enough to be definitive. However, they do suggest that organizational practices were relatively more important in the second period of more limited caseload reduction than in the first period of steep decline.

Table 2: Impact of TANF Caseload Reduction on Procedural Exit
(1999 and 2002 Survey Rounds Separately)

	1999 survey round: PE (1) vs. NPE (0) (\bar{Y} = 0.1178; n = 694)	2002 survey round: PE (1) vs. NPE (0) (\bar{Y} = 0.1291; n = 571)
Two category specification	(R^2 = 0.0166)	(R^2 = 0.0802)
Category 1 states compared to Category 2 states	0.0120 (0.0126)	0.0957*** (0.0290)
Three category specification	(R^2 = 0.0172)	(R^2 = 0.0824)
Category 1 states compared to Category 2 states)	-0.0214 (0.0172)	0.0537 (0.0447)
Category 1 states compared to Category 3 states	-0.0012 (0.0187)	0.1141*** (0.0313)
Category 2 states compared to Category 3 states	0.0202* (0.0122)	0.0603 (0.0451)

Robust standard errors in parentheses

***significant at the 1% level; **significant at the 5% level; *significant at the 10% level

These period effects are intriguing. It was beyond the scope of this analysis to provide a credible estimate of what caseload reduction would have looked like in the absence of *de facto* administrative biases. However, it is consistent with the theorized function of proceduralism for it to have greater significance when other means of achieving caseload decline began to reach their limits. This suggests that organizational practices have the potential to be even more salient in future periods of relatively low and stagnant caseloads or in periods of economic downturn during which work is less available. In addition, pressure to find mechanisms for further caseload reduction are

likely to intensify as a result of changes made to the Deficit Reduction Act reauthorizing TANF in 2005, as will be discussed.

Organizational Practices and Inequality: Analyzing Subgroups

There is more to administrative exclusion than its aggregate effects on access to benefits. As discussed, organizational theory and empirical evidence also point to the importance of considering whether informal organizational practices have distributive effects, skewing access to benefits in ways not consistent with formal, categorical considerations. If, as argued, there are organizationally imposed costs to claimsmaking, it is not necessarily the case that they are uniformly applied or that claimants are equally able to bear them (regardless of their interest or willingness to do so).

This analysis investigates whether organizational practices had differential effects among subgroups of welfare claimants, rationing access according to socio-economic characteristics associated with disadvantage, race, and ethnicity. Socio-economic characteristics indicative of disadvantage are theoretically relevant to this analysis, not only as a marker of inequality, but also as an indicator of the capacity to pay the hidden costs of claimsmaking. Those least able to pay these costs might be regarded as *administratively disadvantaged*.

The empirical analysis uses several common indicators of disadvantage, including having dropped out of high school, living in deep poverty (below 50 percent of the poverty line), and living in moderate poverty (below the poverty line but not in deep poverty). Marital status is also relevant, as never-married mothers are more likely to come from disadvantaged backgrounds and have less schooling, lower levels of income, and weaker support systems (McLanahan and Sandefur 1994; Bureau of the Census 1997; London 1986). Organizational practices may be mediated by race and ethnicity, which are represented by variables indicating whether respondents identified themselves as Black or Hispanic. A control variable for gender also is included in the regression analysis in order to control for the small number of men in the welfare sample.

A comparative analysis of procedural exits (PE) and non-procedural exits (NPE) takes account of the fact that procedural leavers may exit by choice. They may choose exit if they recognize they are no longer categorically eligible or if they are unwilling to pay procedural costs. The decision may be an informed choice, recognizing a change in categorical status, or it might be a choice made on the basis of an implicit cost-benefit assessment in which claiming costs outweigh benefits.

In this analysis, it is the difference between PE and NPE that is relevant. If organizational practices sort claimants according to a metric that is different from one of categorical eligibility or choice, then one would expect to see systematic differences in the characteristics of leavers exiting for procedural as opposed to non-procedural reasons. Moreover, if organizational practices drive exits by increasing costs beyond the capacity of some to pay or increases them differentially across subgroups, then one would expect systematic differences to occur along those lines. Alternatively, if organizational practices are unbiased and procedural costs equally applied, then procedural and non-procedural leavers should not be distinguishable by degree of disadvantage, race, or ethnicity.

This analysis is complicated by the possibility that there could be unobserved differences between the two types of leavers (PE and NPE), differences associated, not with capacity, but with behavior. Behavioral attributions about the poor are deeply-contested in the poverty literature, with some arguing that welfare recipients are inherently "different" and others that they are not different but are subject to differences in context and opportunity (Handler and Hasenfeld 1991; Katz 1989; Mead 1986; Wilson 1987). Without endorsing a behavioral view of poverty, this analysis has adopted a strategy to address concerns about the possibility of unobserved behavioral differences. Generally, analyses that adopt a behavioral explanation for poverty treat non-work as evidence of a behavioral deficiency arguably linked to "noncompliance" with rules. The empirical analysis therefore uses work status as a control variable (a partial one, at the very least) for unobserved behavioral differences.

As discussed, the NSAF does not allow one to distinguish between procedural and non-procedural factors on the entry side. In principle, this could lead to under- or over-estimation of proceduralism's overall differential impact. Restrictive entry procedures have been highlighted in studies of the application process (Bennett 1995; Bendick, Lavine and Campbell 1978; DHHS 2003b), and state diversion programs which involve explicit efforts to divert applicants from making claims also have been subject to discussion (Moffitt 2003; Ridzi and London 2006). However, as was the case with NSAF survey questions regarding claimant entry, this literature does not allow one to satisfactorily distinguish between procedural and non-procedural factors.

Nevertheless, there are reasons to believe that procedural burdens would be as weighty – if not more so – with respect to program entry as for benefit maintenance. Program entry and benefit maintenance rules were interpreted and administered by the same administrative apparatus, and much of the literature (discussed earlier) about administrative exclusion revolved around claimant entry. In addition, welfare agencies lacked incentives to engage in claimant outreach.²⁷ This leaver analysis is therefore most likely biased towards conservatism in assessing the effects of organizational practices.

The empirical analysis of welfare exits and individual characteristics includes all three NSAF survey rounds, clustered at the focal state level. Non-focal state observations, cumulatively representative of the balance of the country rather than individual states, were clustered together. The dependent variable is the probability that a welfare exit was procedural rather than non-procedural. The independent variables (all dichotomous) are: high school dropout (without GED), never-married, moderate poverty, deep poverty, Black, Hispanic²⁸, other minority, gender, work status, and year dummies for two of the three survey rounds.²⁹

Findings. The empirical results indicate that organizational practices had distributive effects, biased with regard to characteristics associated with disadvantage and capacity. The probability of procedural exit was greater for claimants who were high school dropouts, never-married, and in deep poverty. (See Table 3.) While individual characteristics associated with disadvantage and capacity were related to procedural exits, there was a weaker relationship to ethnicity and none to race. The analysis shows that Hispanics were somewhat more likely leave welfare for procedural, rather than non-procedural, reasons. It does not show significant effects for race.

These findings are consistent with the hypothesis that organizational practices may impose hidden costs that effectively reduce welfare participation, independent of categorical eligibility and need, producing administrative exclusion. They also are consistent with the hypothesis that bias in the effects of organizational practices cannot be entirely explained by behavioral differences among subgroups of claimants, as the analysis used work status to control (at least to some nontrivial extent) for unobserved behavioral differences that might be related to disadvantage. To the extent that these findings demonstrate an informal organizational bias against more disadvantaged claimants, one might regard these practices as operating at cross-purposes with equitable administration and distributive principles of need.

Table 3: Individual Characteristics and AFDC/TANF
Procedural Exit vs. Non-Procedural Exit

	procedural exit (1) vs. non-procedural exit (0) ($\bar{Y} = 0.1378$; $n = 2450$; $R^2 = 0.0757$)
dropout	0.0652*** (0.0208)
never-married	0.0707*** (0.0131)
moderate poverty	-0.0071 (0.0158)
deep poverty	0.0283*** (0.0084)
working	-0.1408*** (0.0396)
Black	0.0320 (0.0280)
Hispanic	0.0314* (0.0160)
other minority	-0.0451 (0.0623)
female	0.0063 (0.0131)

Robust standard errors in parentheses

***significant at the 1% level; **significant at the 5% level; *significant at the 10% level

It should be emphasized that the comparative analytic strategy applied here focuses exclusively on the differences between procedural and non-procedural leavers. Consequently, it does not necessarily imply that the overall impact of organizational practices is to deny benefits to the very neediest and least advantaged claimants. Utilization studies have suggested that non-participants are generally more advantaged than participants (Blank and Ruggles 1996, Zedlewski 2002).³⁰ These analyses, however, do not disentangle personal choices from administrative constraints. The express purpose of this study, on the other hand, is to examine the impact of procedural rules and organizational practices. Although the situation undoubtedly would be worse if program leavers were less advantaged than program stayers, the *status quo* – which reflects the gatekeeping effects of organizational practices – may be suboptimal from the vantage point of individual material well-being and equitable program administration.³¹

The difference between “glass half full” and “glass half empty” interpretations of program nonparticipation may be more easily resolved with a better understanding of the organizational contribution to non-participation. Although choice is relevant, it cannot be assumed. This analysis suggests that organizational practices may restrict participation by effectively raising claiming costs beyond the capacity of interested and potentially eligible claimants to pay.

Administrative Exclusion and Its Implications

Organizational research on social policy delivery clearly demonstrates that administration matters. How it matters, and to whom, has proved more difficult to investigate, particularly when it comes to relating systematic outcomes to street-level practices that are highly discretionary and lack transparency. This study has advanced a formal analytic approach to investigating the relationship between organizational practices – both formal and informal – and outcomes, specifically, administrative exclusion. Focusing on the organizational side of claimsmaking, it raises questions about practices that have been theorized to effectively raise the cost of claiming, producing rationing and a selective bias toward exclusion among “administratively disadvantaged” subgroups. The analysis puts these theorized relationships to an empirical test, using nationally representative data on welfare leavers.

It suggests, first, that organizational practices (or proceduralism) produced administrative exclusion, that is, nonparticipation attributable to formal and informal claimsmaking processes, rather than legal eligibility or individual preference. It indicates that administrative exclusion was a contributing factor in TANF caseload decline. Its significance increased after the steepest, initial caseload reductions occurred. This is consistent with the hypothesis that administrative strategies assume greater importance when other, more direct mechanisms for reducing welfare use are less feasible (Brodkin 1986).

Administrative strategies, while indirect, may have significant effects, a possibility that has not been entirely lost on policymakers (Nathan 1983). As previously noted, the findings of this study do not rest on an assumption of political intent, although caseload reduction clearly was an objective of welfare reform. However, organizations may function *as if* higher level preferences were singular and as if direct and hierarchical modes of control were effective. Yet, in fact, patterns of practice tend to develop in response to factors that are far less obvious or well-orchestrated (Brodkin 1986, 1997). This analysis takes account of modes of governance and their indirect role in shaping discretionary organizational practices. It recognizes that incentives and performance measures may influence discretionary practices in systematic, even if indirect and possibly unanticipated, ways. From an organizational perspective, it is significant that TANF policy effectively rewarded states for reducing their caseloads by any means other than explicit policy restrictions. In that context, and absent significant countervailing pressures or penalties for wrongful exclusion, organizational practices could become a hidden instrument of caseload decline.³²

Second, the formal analysis takes account of differences in the way that organizational processes and subgroups of claimants interact. It theorizes that organizationally-imposed costs and the individual capacity to meet them will vary with socio-economic characteristics as well as race and ethnicity. The empirical analysis indicates that organizational practices had unequal effects on subgroups of claimants.

In fact, it suggests that one might consider certain subgroups of claimants as administratively disadvantaged. Claimants who were more socio-economically disadvantaged had a higher probability of leaving welfare for procedural reasons ostensibly unrelated to substantive eligibility or need. The findings on race and ethnicity are less clear. This analysis shows that Hispanic claimants were differentially impacted by proceduralism, but the effects were less strong than those for socio-economic characteristics. Contrary to expectation, the analysis did not show a racial bias to organizational practices

If, as hypothesized, successful claimsmaking is a function of both claiming costs and capacity to meet them, one might interpret these findings as giving somewhat more salience to the capacity side of the equation. That might partially explain why socio-economic characteristics were more strongly related to procedural exits than ethnicity and why there was no relationship to race.³³ However, this interpretation is called into question by preliminary findings from the authors' companion study of administrative exclusion in the Food Stamps program (in progress), which suggests strong differential effects among both Blacks and Hispanics compared to whites. These differences will be examined further as part of that study.

A major finding of this analysis is that welfare administration has not been neutral with respect to access. Organizational practices appear to have produced – arguably reproduced – inequality among claimants, based not on their interests or eligibility for benefits, but on their procedural acuity. These findings offer a sober reminder that discretion and policy complexity continue to constitute a dangerous mix when it comes to the administration of public benefits. Simplification, which at one time was the watchword for administrative reform, has given way to increased complexity and discretion, creating an environment in which proceduralism can flourish.

This analysis also shows the important role of governance. The balance between prudent and prohibitive practices can shift, not only with changing political agendas, but also with structural alterations in management. Practice is likely to be unbalanced if managerial attention is unbalanced, with performance monitoring and financial rewards focused on caseload reduction and work quotas but not similarly attentive to wrongful exclusion or participant well-being (Brodkin 2006). This problem is not only managerial, it is also political, when provisions regarding performance and policy complexity are written into the law itself and disincentives for exclusion are neglected.

This analysis raises concerns about prospects for increased administrative exclusion as new administrative provisions incorporated in the Deficit Reduction Act of 2005 (DRA) are implemented. The DRA set work participation quotas at 50 percent for one-parent households and 90 percent for two-parent households. It is significant that the regulations implementing the DRA are more demanding and more restrictive than previous law in defining what "counts" toward meeting state work participation quotas. Arguably even more important, the DRA eliminated caseload reduction credits that states had obtained in recent years, credits which had alleviated pressures to meet rising participation quotas and further cut caseloads. The Congressional Research Service estimated that in 2007, without credit for prior caseload decline, forty-seven states would fall short of meeting their quotas, sixteen by at least 50 percent.

These provisions are likely to intensify pressure on states to find ways to either move claimants into work activities or off welfare, pressures similar to or even stronger than those experienced at the outset of welfare reform in 1997. These pressures could be exacerbated under economic conditions that are far less favorable to lower-wage workers than the "boom" years of the late 1990s. Absent countervailing incentives to assure access and administrative accountability, one would expect conditions to be ripe for administrative exclusion to become even more salient than in the period of this study.

Beyond its policy implications, this inquiry highlights a type of informal legalism that is broadly at issue in socio-legal studies, particularly in research on welfare law (Adler 2006; Bennett 1995; Diller 2000; Felstiner, Abel, and Sarat 1980-81; Handler 1986; Mashaw 1974; Simon 1983). The exclusionary effects discussed here occurred, not simply as a direct function of law, but as an indirect consequence of the law's implementation. Neither organizational practices that added hidden costs to claiming nor their exclusionary effects were explicit or transparent. This makes administrative exclusion both normatively and politically problematic. It is one thing to argue that welfare policy should be designed to have an explicit deterrent effect. But it is another to advance *de facto* deterrence through informal administrative means that are largely obscure and thus not readily subject to political contestation or administrative redress (Brodkin 1986, 2006).

From the organizational perspective developed here, agency processes and informal street-level practices can be understood as effectively constitutive of administrative justice. In his classic study of legalism in the administration of worker's compensation, Nonet observed that: "We speak of 'legalism' when insistence on legal rules or modes of reasoning tends to frustrate the purposes of public policy" (Nonet 1969, 265). Similarly, it might be said that one speaks of bureaucratic proceduralism when insistence on bureaucratic rules or modes of reasoning frustrate the purposes of public policy and equality under the law.

Organizations operate as the gateway to public benefits. This analysis illuminates the importance of accounting for the hidden costs of claiming and for the interaction between organizationally-imposed costs (whether formal or informal) and claimant capacity. This interaction is critical in determining how accessible benefits will be and to whom. When organizational practices frustrate access to benefits and exclude those who, in effect, are administratively disadvantaged, then policy effectiveness, administrative justice, and political accountability all suffer.

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Endnotes

* This paper is revised and adapted from a working paper, *Organizations and Access: An Inquiry into Bureaucratic Proceduralism and Welfare Exits*, National Poverty Center, University of Michigan, February 2008.

¹ Some studies make estimates of "stigma" and "transactions costs;" however, they do not directly examine the contribution of organizational practices.

² We borrow here from Lasswell's classic definition of politics (1936).

³ Survey data extend to 1995, when welfare was provided under the terms of the Aid to Families with Dependent Children (AFDC) program, TANF's predecessor.

⁴ This case is drawn from the Public Benefits Hotline Research Project, a study examining the records of a legal advocacy project operated by the Legal Assistance Foundation of Metropolitan Chicago and the Sargent Shriver National Center on Poverty Law. These records were assembled and analyzed as part of a research project examining administrative barriers to accessing public benefits in Chicago (Brodkin, Fuqua, and Waxman 2005). The names of individual claimants and agency staff were changed to protect the anonymity of claimants.

⁵ These routine examples of discretion at work are drawn from case records (Brodkin, Fuqua, and Waxman 2005).

⁶ "[A]n additional 10,180 cases were closed because recertification notices were returned, marked as addressee unknown. (As the Legal Aid Bureau pointed out, some recipients live in substandard housing without mailboxes.)" (Bennett 1995, 2181.)

⁷ However, it is also improper to assume that requests for documents are necessarily reasonable. Evidence of "verification extremism" indicates considerable variation in street-level practice that can extend beyond "reasonableness" (Bennett 1995; Brodtkin, Fuqua, and Waxman 2005; Casey and Mannix 1989). Bennett (1995, 2159) defines this as "the unnecessary demand for hard-to-obtain proof of eligibility." She contends that "fixations on the form of proof of eligibility - on a particular type of document, on a particular form of certification of a document - can be impassable logistical obstacles that bear little relationship to ensuring the integrity of the program" (Bennett 1995, 2164).

⁸ Among its key provisions, TANF:

- ended the federal guarantee of income support and placed a lifetime 5-year limit on assistance;
- imposed work requirements as a condition for receiving assistance. It required adults to participate in welfare-to-work activities within no more than two years of receiving assistance, but permitted states to set tougher standards (as many did);
- capped federal expenditures within a \$16 billion block grant, but it also gave states increased discretion in using federal funds;
- was linked to companion legislation that provided \$2.3 billion to help subsidize child care for working mothers and \$3 billion in a two-year block grant for welfare-to-work programs.

⁹ For example, under TANF's devolved policymaking structure, states were permitted to shorten the time adults could receive cash aid without work participation. Federal law required work within two years of receiving aid. But most states required work within one year, some required immediate work, and others demanded a month of job search before they even would begin to process an application for assistance. In addition, states could limit exemptions from work requirements. Most states permitted an exemption only for mothers with babies under one year old, and some eliminated exemptions altogether. States also could reduce the five-year federal time limit for receiving assistance. In nineteen states, lifetime limits for welfare receipt were set below the federal maximum of sixty months. Beyond that, states have leeway to add categorical eligibility restrictions, such as family caps that precluded cash assistance for babies born to mothers already receiving welfare.

¹⁰ Under TANF, states could receive fiscal rewards (bonuses) for caseload reduction and fiscal penalties (reduced federal payments) for failing to meet participation rates. By the five year mark, performance standards required that 50 percent of adult welfare recipients in single-parent households participate in welfare-to-work activities for 35 hours per week. It also required that 90 percent of adults in two-parent families participate in welfare-to-work activities for 30 hours per week. The law also specified the kinds of activities that would "count" toward meeting these quotas: paid work, job search, unpaid workfare (in

which recipients "worked off" their welfare benefits at minimum wage or provided child care for other welfare recipients). It limited the use of education and vocational training as "countable" activities to meet participation quotas.

¹¹ Although there is a "maintenance of effort" requirement, state may transfer up to 30 percent of their TANF funds to the Social Services Block Grant and the Child Care Development Fund. This provision has produced a dramatic shift in state welfare spending from cash payments to services and, importantly, may have freed up state resources for other purposes (GAO 2002b; GAO 2001).

¹² The actual all-family work participation rates required for the NSAF focal states in FY 2000 were: 8 percent for California, 9 percent for Minnesota, 5 percent for New York, 2 percent for Washington, and 0 percent for Alabama, Colorado, Florida, Massachusetts, Michigan, Mississippi, New Jersey, Texas, and Wisconsin. These rates were made possible by the caseload reduction credit and were considerably lower than the 40 percent rate that otherwise would have been required (GAO 2002a).

¹³ The thirteen focal states are: Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. This study uses a state-level survey weight when the intra-state representativeness of the sample is important to the analysis and a national-level survey weight when it is not.

¹⁴ In other words, respondents who said that they or their children were currently receiving welfare benefits, but also said that they had either left or been cut off from welfare (for more than month) since the January two years prior, are excluded from the analysis.

¹⁵ The respondents were initially asked whether they had stopped receiving welfare benefits for more than one month since the January two years prior. Respondents who indicated that they had stopped receiving benefits were asked whether the welfare office cut them off or whether it was their decision to leave welfare. Respondents who said that the welfare office cut them off were asked why the welfare office cut them off, while respondents who said that it was their decision to leave welfare were asked why they left welfare.

¹⁶ Multiple procedural responses were coded as a single procedural exit and multiple non-procedural responses were coded as a single non-procedural exit. Respondents who provided both procedural and non-procedural answers were coded as a procedural exit. Respondents whose answers were recorded as "Unclassifiable" and who did not provide any other procedural or non-procedural responses are excluded from the analysis.

¹⁷ A situation in which, for example, a claimant says that she left welfare because her income was too high is nevertheless a situation that, directly or indirectly, was shaped by procedural requirements. After all, it was only by virtue of the application of procedural rules (or the possibility of their application) that the respondent declared her income too high. Non-procedural exits take place within a framework of procedural rules. Similarly, program rules such as work requirements, in principle, could effect improvements in claimants' substantive status so that they provide non-procedural explanations for program exit.

¹⁸ The family is composed of all household residents related by blood, marriage, or adoption.

¹⁹ Public assistance and welfare payments are included in the calculation of family income, but Food Stamps are not.

²⁰ The terms "Black" and "Hispanic" were used by the NSAF. Respondents also were assigned a value of 1 for "other minority" if they were (non-Black and non-Hispanic) Asian/Pacific Islander or Native American/Aleutian/Eskimo and 0 otherwise. The analysis includes "other minority" in order to establish "White" as the reference category for "Black" and "Hispanic."

²¹ The empirical analyses pertaining to TANF caseload decline use data from the 1999 and 2002 NSAF survey rounds in order to exclude responses (from the 1997 round) that preceded the implementation of TANF. A direct comparison of the procedural dimensions of the AFDC and TANF regimes is complicated by (among other things) the fact that federal funding for TANF was higher in real terms than the programs it replaced (Mermin and Steuerle 1997).

²² It is possible that the exits that claimants attributed to non-procedural factors were influenced by bureaucratic proceduralism. This could occur if individuals exiting welfare believed they were categorically ineligible for benefits, but, in fact, were subjected to a discretionary and inaccurate interpretation of categorical and/or procedural rules. To the extent this occurs, the caseload reduction analysis will understate the effects of bureaucratic proceduralism.

²³ The state unemployment rate for the 1999 survey round is the average of state unemployment rates for FY 1997, FY 1998, and FY 1999. The state unemployment rate for the 2002 survey round is the average of the state unemployment rates for FY 2000, FY 2001, and FY 2002.

²⁴ The caseload figures used in this study are annual averages, whereas work on the relationship between entries and exits and caseload reduction has made use of monthly data (Grogger 2005; Grogger, Haider and Klerman 2003). Moreover, administrative data on applications and case closings are not available for the years immediately following welfare reform (up until FY 2000) because PRWORA temporarily suspended certain data reporting requirements for the states (DHHS 2003b, 5-1, 5-18).

²⁵ An advantage to structuring caseload reduction as a discrete variable is that it helps to reveal this kind of apparent anomaly.

²⁶ The results from Table 1 were generally robust to the exclusion of state dummies (which were jointly statistically significant).

²⁷ Bers' 2001 analysis speaks to this point in its account of class action litigation over bureaucratic obstacles in the benefits application process in New York City. Further, as discussed in this analysis, TANF's financing provisions created incentives for caseload reduction, both formally and informally.

²⁸ Although the 1997 and 1999 survey rounds contain information about the language in which the interview with the respondent was conducted, the 2002 round does not. Of the AFDC/TANF sample – that is, those who were either AFDC/TANF recipients or leavers – 4.31% of the interviews were conducted in Spanish rather than English. 19% of the welfare sample (excluding the 2002 round) was Hispanic.

²⁹ See Majmundar (2007) for a discussion of potential estimation biases in the demographic analysis due to, first, the subjectivity of claimant perceptions of administrative encounters and the possibility that these perceptions may be systematically skewed along demographic lines, and, second, erroneous agency determinations of claimant categorical eligibility that are non-random with respect to demographic characteristics of claimants. The first kind of bias actually may end up understating the effects of bureaucratic proceduralism. It is more difficult to make an informed prediction about the probable impact of the second kind of bias. The subjectivity of claimant responses will be relevant to the caseload reduction analysis only if they are systematically skewed across high- and low-caseload reduction states.

³⁰ A separate analysis comparing procedural leavers and program stayers found that procedural leavers were more likely than program stayers to be never-married but also less likely to be in deep poverty – even though program stayers received welfare payments (which were included in the calculation of family income) and procedural leavers did not (Majmundar 2007).

³¹ One of the studies which found nonparticipants to be generally better off than participants went on to say that a significant portion of “single nonparticipating parents would gain significant income and services by enrolling in TANF. Many of these families are poor and have significant barriers to employment... Surely, many of these parents would benefit from the added TANF income and TANF job-related services” (Zedlewski 2002, 2, 6).

³² Generally, claimants have been limited in their ability to mount effective challenges to systematic practices. There is considerable evidence suggesting ways in which incipient individual challenges may be diverted, deferred, or repressed in routine street-level practice (Brodkin 1997; Bruinsma 1980; Felstiner, Abel, and Sarat 1980-81; Miller 1983; Soss 2000). Research also suggests that the formal fair hearings process may be more useful in addressing individual complaints than as a counterweight to systemic bias. There is evidence that, even at the individual level, they may be underutilized (Handler and Hollingsworth 1971; Lens and Vorsanger 2005). But even when they are, fair hearing decisions have no value as precedents. Furthermore, at the individual casework level there are no penalties for wrongful practice.

³³ Recent, intriguing research suggests that race may play out in extraordinarily complex ways in welfare delivery, with a shared racial affinity between caseworkers and claimants arguably being less important than the structural conflict of interest between street-level bureaucrats and their clients (Watkins-Hayes 2006).